



April 8, 2003

ENGROSSED SENATE BILL No. 375

DIGEST OF SB 375 (Updated April 7, 2003 5:10 PM - DI 103)

Citations Affected: IC 24-4.

Synopsis: Car rental agreements. Permits a rental company to include a contract provision to recover for damage to an automobile resulting from a collision if the vehicle was driven by an unauthorized driver. Allows a rental agreement to provide for the recovery by the rental company of reasonable attorney's fees.

Effective: 71, 2003; July 1, 2003.

Clark

(HOUSE SPONSOR — MAHERN)

January 16, 2003, read first time and referred to Committee on Criminal, Civil and Public Policy.

February 27, 2003, amended, reported favorably — Do Pass.

March 3, 2003, read second time, ordered engrossed. Engrossed.

March 4, 2003, read third time, passed. Yeas 45, nays 3.

HOUSE ACTION

March 13, 2003, read first time and referred to Committee on Commerce and Economic Development.

April 8, 2003, reported — Do Pass.

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April 8, 2003

First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

ENGROSSED SENATE BILL No. 375

A BILL FOR AN ACT to amend the Indiana Code concerning trade regulations.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 24-4-9-13 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 13. A rental company
3 and renter may agree that the renter will be responsible for no more
4 than all of the following:
- 5 (1) Physical or mechanical damage to the rented vehicle up to its
6 fair market value, as determined in the customary market for the
7 sale of that vehicle resulting from collision regardless of the cause
8 of damage.
 - 9 (2) Loss due to theft of the rental vehicle up to its fair market
10 value, as determined in the customary market for the sale of that
11 vehicle. However, the renter shall be presumed to have no
12 liability for any loss due to theft if the renter or authorized driver:
 - 13 (A) has possession of the ignition key furnished by the rental
14 company or establishes that the ignition key furnished by the
15 rental company was not in the vehicle at the time of the theft;
 - 16 and
 - 17 (B) files an official report of the theft with the police or other

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law enforcement agency within twenty-four (24) hours of learning of the theft and reasonably cooperates with the rental company, police, and other law enforcement agency in providing information concerning the theft.

The presumption set forth in this subdivision is a presumption affecting the burden of proof, which the rental company may rebut by establishing that a renter or other authorized driver committed or aided and abetted in the commission of the theft.

(3) Physical damage to the rented vehicle up to its fair market value, as determined in the customary market for the sale of that vehicle, resulting from vandalism occurring after, or in connection with, the theft of the rented vehicle. However, the renter is presumed to have no liability for any loss due to vandalism if the renter or authorized driver:

(A) has possession of the ignition key furnished by the rental company or establishes that the ignition key furnished by the rental company was not in the vehicle at the time of the vandalism; and

(B) files an official report of the vandalism with the police or other law enforcement agency within twenty-four (24) hours of learning of the vandalism and reasonably cooperates with the rental company, police, and other law enforcement agency in providing information concerning the vandalism.

The presumption set forth in this subdivision is a presumption affecting the burden of proof, which the rental company may rebut by establishing that a renter or other authorized driver committed or aided and abetted in the commission of the vandalism.

(4) Physical damage to the rented vehicle and loss of use of the rented vehicle up to its fair market value, determined in the customary market for the sale of that vehicle, resulting from vandalism unrelated to the theft of the rented vehicle.

(5) Physical damage resulting from collision to the rented vehicle and loss of use of the rented vehicle resulting from collision, up to its fair market value, as determined in the customary market for the sale of that vehicle, resulting from the use of the rental vehicle by an unauthorized driver.

(6) Loss of use of the rented vehicle, if the renter is liable for damage.

~~(6)~~ (7) Actual charges for towing, storage, and impoundment fees paid by the rental company, if the renter is liable for damage.

~~(7)~~ (8) Reasonable attorney's fees related to the enforcement

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of the rental agreement.

(9) An administrative charge, including the cost of appraisal and all other costs and expenses incident to the damage, loss, loss of use, repair, or replacement of the rented vehicle.

SECTION 2. IC 24-4-9-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 14. (a) The total amount of the renter's liability to the rental company resulting from damage to the rented vehicle may not exceed the sum of the following:

(1) The estimated cost of replacement parts that the rental company would have to pay to replace damaged vehicle parts, less all discounts and price reductions or adjustments that will be received by the rental company.

(2) The estimated cost of labor to replace damaged vehicle parts, which may not exceed the product of:

(A) the rate for labor usually paid by the rental company to replace vehicle parts of the type that were damaged; and

(B) the estimated time for replacement;

less all discounts and price reductions or adjustments that will be received by the rental company.

(3) The estimated cost of labor to repair damaged vehicle parts, which may not exceed the lesser of the following:

(A) The product of the rate for labor usually paid by the rental company to repair vehicle parts of the type that were damaged and the estimated time for repair.

(B) The sum of the estimated labor and parts costs determined under subdivisions (1) and (2) to replace the same vehicle parts.

All discounts and price reductions or adjustments that will be received by the rental company must be taken into account in determining the figure under this subdivision.

(4) Except as otherwise provided for, the loss of the use of the rented vehicle, which may not exceed the product of:

(A) the rental rate stated in the rental agreement for the particular vehicle rented, excluding optional charges; and

(B) the total of the estimated time for replacement and estimated time for repair.

(5) Actual charges for towing, storage, and impound fees paid by the rental company.

(b) Under any circumstances described in this chapter, liability for the rental company's loss of use of the rented vehicle may not exceed the product of:

(1) the rental rate stated in the rental agreement for the particular

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1 vehicle rented, excluding all optional charges; and
 2 (2) eighty percent (80%) of the period from the date of the
 3 accident to the date the vehicle is ready to be returned to rental
 4 service.

5 However, a renter is not liable to a rental company for the loss of use
 6 of a damaged vehicle unless the ~~rentor~~ **renter** uses its best efforts to
 7 effect repairs and return the vehicle to rental service.

8 (c) The administrative charge described in section ~~13(7)~~ **13(9)** of
 9 this chapter may not exceed:

10 (1) ten percent (10%) of the total estimated cost for parts and
 11 labor, if the damage is one thousand five hundred dollars (\$1,500)
 12 or less; or

13 (2) the amount specified in subdivision (1) plus seven and
 14 one-half percent (7 1/2%) of the amount in excess of one
 15 thousand five hundred dollars (\$1,500), if the total estimated cost
 16 for parts and labor exceeds one thousand five hundred dollars
 17 (\$1,500).

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COMMITTEE REPORT

Mr. President: The Senate Committee on Criminal, Civil and Public Policy, to which was referred Senate Bill No. 375, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Delete pages 1 through 2.

Page 3, delete lines 1 through 4.

Page 3, line 11, reset in roman "resulting from collision".

Page 4, line 12, after "(5)" insert **"Physical damage resulting from collision to the rented vehicle and loss of use of the rented vehicle resulting from collision, up to its fair market value, as determined in the customary market for the sale of that vehicle, resulting from the use of the rental vehicle by an unauthorized driver.**

(6)".

Page 4, line 14, strike "(6)" and insert "(7)".

Page 4, line 16, strike "(7)" and insert "(8)".

Page 4, line 16, delete "fees." and insert **"fees related to the enforcement of the rental agreement."**

Page 4, line 17, delete "(8)" and insert "(9)".

Page 4, delete lines 20 through 42, begin a new paragraph and insert:

"SECTION 5. IC 24-4-9-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 14. (a) The total amount of the renter's liability to the rental company resulting from damage to the rented vehicle may not exceed the sum of the following:

(1) The estimated cost of replacement parts that the rental company would have to pay to replace damaged vehicle parts, less all discounts and price reductions or adjustments that will be received by the rental company.

(2) The estimated cost of labor to replace damaged vehicle parts, which may not exceed the product of:

(A) the rate for labor usually paid by the rental company to replace vehicle parts of the type that were damaged; and

(B) the estimated time for replacement;

less all discounts and price reductions or adjustments that will be received by the rental company.

(3) The estimated cost of labor to repair damaged vehicle parts, which may not exceed the lesser of the following:

(A) The product of the rate for labor usually paid by the rental company to repair vehicle parts of the type that were damaged and the estimated time for repair.

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(B) The sum of the estimated labor and parts costs determined under subdivisions (1) and (2) to replace the same vehicle parts.

All discounts and price reductions or adjustments that will be received by the rental company must be taken into account in determining the figure under this subdivision.

(4) Except as otherwise provided for, the loss of the use of the rented vehicle, which may not exceed the product of:

(A) the rental rate stated in the rental agreement for the particular vehicle rented, excluding optional charges; and

(B) the total of the estimated time for replacement and estimated time for repair.

(5) Actual charges for towing, storage, and impound fees paid by the rental company.

(b) Under any circumstances described in this chapter, liability for the rental company's loss of use of the rented vehicle may not exceed the product of:

(1) the rental rate stated in the rental agreement for the particular vehicle rented, excluding all optional charges; and

(2) eighty percent (80%) of the period from the date of the accident to the date the vehicle is ready to be returned to rental service.

However, a renter is not liable to a rental company for the loss of use of a damaged vehicle unless the ~~renter~~ **renter** uses its best efforts to effect repairs and return the vehicle to rental service.

(c) The administrative charge described in section ~~13(7)~~ **13(9)** of this chapter may not exceed:

(1) ten percent (10%) of the total estimated cost for parts and labor, if the damage is one thousand five hundred dollars (\$1,500) or less; or

(2) the amount specified in subdivision (1) plus seven and one-half percent (7 1/2%) of the amount in excess of one thousand five hundred dollars (\$1,500), if the total estimated cost for parts and labor exceeds one thousand five hundred dollars (\$1,500).".

Delete page 5.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 375 as introduced.)

LONG, Chairperson

Committee Vote: Yeas 7, Nays 4.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Commerce and Economic Development, to which was referred Senate Bill 375, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

STEVENSON, Chair

Committee Vote: yeas 10, nays 2.

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